



## GOVERNOR OF PUERTO RICO

PUERTO RICO TREASURY DEPARTMENT

### **Puerto Rico Treasury Reports Revenue Increase in August and September**

First Fiscal Quarter Revenues Increase Compared to Same Period of Last Year

San Juan, Puerto Rico (October 29, 2019) – Puerto Rico Treasury Secretary Francisco Parés Alicea reported preliminary net revenues to the General Fund in August and September totaled \$773.6 million and \$985.5 million, respectively.

This reflects a year-over-year revenue increase of \$103.3 million in August and \$152.5 million in September.

“The first quarter ended with revenues that totaled \$2,807.8 million. Compared to the same period during the previous fiscal year, this reflects an increase of \$563.4 million, or 25.1 percent,” the Treasury Secretary explained.

The corporate income tax category was the main revenue driver, which totaled \$924.9 million in the July-September period. This reflected a \$524 million increase during this fiscal period. This increase is due in part to a non-recurring capital gains transaction for a considerable amount made by a corporate entity.

Another revenue category responsible for the increase in the first quarter was the [income tax] revenue paid by individuals.

“During the first three months of the fiscal year, revenues in this category totaled \$445.9 million, a year-over-year increase of \$67.5 million. This reflects an improvement in this category during these first months, which was anticipated by other employment and participation indicators that reflect an encouraging behavior for the economy. This confirms that the public policy efforts led by Governor Wanda Vázquez Garced have contributed to this positive environment,” Parés Alicea pointed out.

The Officer explained that fiscal year-to-date Sales and Use Tax (SUT) revenues totaled \$287.9 million, which reflected a \$12 million year-over-year decrease. Said decrease mainly reflects a change in the way that collections are recorded.

The implementation of a new methodology to report SUT collections involves the publication of a new report, which presents the July to September periods for this fiscal year and includes the changes required by the Sales Tax Financing

PRESS RELEASE

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Corporation (COFINA) bond restructuring and COFINA's Third Amended Plan of Adjustment under Title III of PROMESA.

Through this new report, the Treasury Department provides accurate information on the distribution of the Sales and Use Tax that goes to COFINA and the General Fund. It bears mentioning that the implementation of the new methodology implies that the SUT reported during this fiscal period cannot be compared to the one reported for prior fiscal periods.

The Treasury Secretary explained that one of the main differences of this new methodology is the biweekly payments pending the filing of returns and overpayments by large taxpayers; therefore, the reduction with respect to the prior fiscal year is attributed mainly to the discrepancy between periods with different methodologies.

On the other hand, fiscal year-to-date (July-September) excise tax revenues totaled \$811.4 million, which reflected a year-over-year increase of \$20.5 million.

It bears mentioning that a considerable amount of the revenues accounted for in the "other excise taxes" category is for payments related to cigarettes and tobacco products. These payments are categorized as "other excise taxes" because the taxpayers' declaration are pending.

One of the advantages of the Unified Internal Revenue System (SURI, Spanish acronym) is that it allows visibility of this level of detail of information, making the system administration more efficient and allowing taxpayers to know the status of the processing of their tax transactions.

PRESS RELEASE





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PUERTO RICO TREASURY DEPARTMENT

PRESS RELEASE

General Fund Net Revenues
August
(million of \$)

Table with 6 columns: Items, August Revenues (2018-19, 2019-20, Dif.), Forecast (August), and Actual Collection (vs. Forecast). Rows include Gross General Fund Net Revenues, Reserve for Refund, and various tax categories like Individual, Corporations, and Sales and Use Tax.





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### General Fund Net Revenues September (million of \$)

Items	September Revenues			Forecast	Actual
	2018-19	2019-20	Dif.	September	vs. Forecast
Gross General Fund Net Revenues	894.0	1,046.5	152.5	910.7	135.8
Reserve for Refund	(61.0)	(61.0)	-	(61.0)	-
General Fund Net Revenues	833.0	985.5	152.5	849.7	135.8
Individual	127.5	153.2	25.7	136.2	17.0
Corporations	250.2	453.9	203.8	301.1	152.8
Non-Resident Withholdings	58.3	41.2	(17.1)	55.8	(14.6)
Sales and Use Tax	95.2	95.3	0.2	97.3	(1.9)
Foreign (Act. 154)	170.0	79.9	(90.1)	127.5	(47.6)
Alcoholic Beverages	22.2	18.9	(3.2)	22.9	(3.9)
Cigarettes	10.7	6.4	(4.3)	14.4	(8.0)
Motor Vehicles	35.5	32.0	(3.4)	25.5	6.5
Excises on Off-Shore Shipment Rum	30.0	33.3	3.3	29.5	3.8
Others	33.4	71.1	37.7	39.5	31.6

### General Fund Net Revenue September (million of \$)

Items	July - September Revenues			Forecast	Actual
	2018-19	2019-20	Dif.	July - September	vs. Forecast
Gross General Fund Net Revenues	2,415.4	2,975.4	560.0	2,490.3	485.0
Reserve for Refund	(171.0)	(171.0)	-	(171.0)	-
General Fund Net Revenues	2,244.4	2,804.4	560.0	2,319.3	485.0
Individual	378.4	445.9	67.5	411.8	34.1
Corporations	400.9	924.9	524.0	507.3	417.5
Non-Resident Withholdings	148.1	99.6	(48.5)	141.6	(42.0)
Sales and Use Tax	299.9	286.8	(13.1)	299.5	(12.7)
Foreign (Act. 154)	625.6	628.6	3.0	607.0	21.7
Alcoholic Beverages	70.8	63.4	(7.4)	56.9	6.5
Cigarettes	34.1	19.3	(14.8)	43.3	(23.9)
Motor Vehicles	120.7	89.6	(31.1)	75.1	14.5
Excises on Off-Shore Shipment Rum	87.3	102.2	14.9	89.5	12.7
Others	78.6	144.1	65.4	87.5	56.6

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